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E.O. 12958: DECL: AFTER KOREAN REUNIFICATION  
TAGS: PREL PGOV ECON KS KN  
SUBJECT: NATIONAL SECURITY SECRETARY SONG MIN-SOON ON  
JAPAN, NORTH KOREA AND BILATERAL ISSUES

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d)

¶1. (S). Summary: In an April 28 luncheon meeting with the Ambassador, National Security Secretary Song Min-soon said that the ROK was prepared to compromise with Japan on naming underwater features located in the East Sea/Sea of Japan, but that Japan seemed intent on pushing the issue to the limit. On North Korea, Song, showing frustration, asserted that Washington had made denuclearization a lower priority than defensive measures and human rights. While the North Koreans had nobody else but themselves to blame, Song urged the USG to also consider the position of the ROK, which still considered denuclearization the highest priority in its dealings with North Korea. The Ambassador differed in his assessment, noting that the President had reaffirmed the importance of denuclearization of North Korea and the U.S. commitment to the Six Party Talks his recent meeting with Chinese President Hu Jintao. The Ambassador requested Song's help in resolving a number of bilateral issues, including the Ministry of Health's proposal to change the policy regarding reimbursement of prescription drug expenses, Boeing's proposal to sell AWACS, USFK's proposal for environmental remediation of returning bases, and MND's plans to remove protestors around Camp Humphreys that threatened to delay USFK's move to Pyongtaek. End Summary.

ROK-Japan Relations: Liancourt Rocks

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¶2. (C) ROK National Security Advisor Song Min-soon opened his April 28 luncheon meeting with the Ambassador with a review of the standoff last week caused by Japan's proposal to survey the disputed waters around the Liancourt Rocks (Dokdo/Takeshima). Song said that the GOJ seemed intent on pushing the issue to the brink. Japan had representation on the IHO (International Hydrographic Organization) subcommittee on names, which could have stopped any South Korean attempt to change the existing names. Instead, Japan chose to send out survey ships, knowing full well that the ROK would have to confront them. Still, South Korea was prepared to compromise, Song stated. For example, Japan had named the large underwater basin "Tsushima Basin," which was in the South Korean EEZ; the ROK could accept two names, such as "Ulleung/Tsushima Basin."

¶3. (C) Song believed that one important reason for Tokyo's aggressive behavior was its confidence regarding Washington's support. Song said that he was not asking that Washington take sides, but that it had to fully grasp the reasons behind Japan's behavior, which was having very negative consequences

in Korea. Song also mused that the GOJ was blaming the ROK's tough stance on South Korea's domestic political calendar, while in reality it was Japan that was using this issue for domestic politics.

¶4. (C) The Ambassador said that Washington did not want to get involved in the territorial dispute. The Ambassador stressed, however, that Washington was quite concerned by the deteriorating relations between Japan and Korea and that Washington had privately conveyed to Tokyo that history issues, such as the Japanese Prime Minister's visits to the Yasukuni Shrine, were not helping Japan's relations with its neighbors. We hoped the upcoming bilateral talks on EEZ issues surrounding the Liancourt Rocks dispute would help defuse the situation.

North Korea

¶5. (S) Song said that while he still believed the U.S. wanted North Korea to give up its nuclear weapons, he now thought that this was no longer an urgent priority for Washington. Instead, the USG seemed to treat law enforcement efforts, especially financial actions, and human rights advocacy as higher priorities. This was unfortunate because Beijing was becoming sympathetic to Seoul's view that a comprehensive package showing North Korea a brighter future in return for denuclearization (with strong pressure on Pyongyang if they refused) was worth considering. If North Korea still refused, then we would all have tried our best and be able to move to an alternative approach together.

¶6. (S) Looking at North Korea and the United States, it was clear that North Korea was to blame for the impasse in the 6PT. Still, Song said, South Korea had to deal with the fallout. While Washington may have downgraded the denuclearization issue, for Seoul it remained of paramount importance, comparable only to North-South relations.

¶7. (S) The Ambassador said that Washington had not made any decision to downgrade the denuclearization goal for North Korea. He observed that President Bush had made this clear in his remarks to Chinese President Hu Jintao earlier in the month. But with North Korea boycotting the Six Party Talks, it was inevitable that illicit activities and human rights would get all the attention.

Good Cop, Bad Cop?

¶8. (S) Song said that perhaps there was nothing wrong in pursuing different approaches. A "good cop, bad cop" approach could be useful. For example, President Bush planned to meet with the parents of Megumi Yokota, a Japanese abductee, and several North Korean refugees. The Blue House was precluded from taking similar actions, but could not oppose such actions by the White House (even though the media might interpret the U.S. move as a sign of a rift with Seoul). Similarly, Song said that he hoped the Kaesong Industrial Complex (KIC) could be supported by Washington. The Ambassador said that he did not detect signs of a rift between Washington and Seoul. We were not taking opposite sides. Even on the KIC, senior USG officials were not questioning the usefulness of introducing ROK-style capitalism to North Korea; rather, we had unresolved questions on labor and wage standards in the complex.

¶9. (S) Song said that the KIC represented the essence of South Korea's policy toward North Korea, which he summed as his own "three cons." CONtiguity: North Korea was right there touching South Korea in every physical way; CONSanguinity: North Koreans were blood brothers; and CONgeniality: they could hurt South Korea, and so peaceful coexistence was essential. As the existing engagement policy was embraced by South Koreans, there would be no changes in policy by successors to President Roh, Song asserted.

## Bilateral Issues

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¶10. (S) The Ambassador requested Song's help on the following bilateral issues:

--Pharmaceuticals. The Ambassador said that we had serious concerns regarding the Ministry of Health and Welfare's plans to announce the switch to a positive list system for the reimbursement of prescription drugs. This move could undermine the FTA negotiations, and went against the spirit of the "standstill" agreement worked out by USTR Portman and Trade Minister Kim. Song said that he would convey these points to Health Minister Rhyu Si-min.

--AWACS. The Ambassador pressed Song on the EX procurement emphasizing USG's strong support for Boeing's AWACS. As the U.S. and ROK moved forward on adjusting command relations within the Alliance, it was even more important for the ROK to have the best command-and-control capabilities. Song responded that the ROKG had introduced a new process of defense equipment acquisitions, which provided for efficient and transparent purchases.

--Environmental Remediation. The Ambassador said that he hoped the ROKG could accept the LaPorte plan before the next Security Policy Initiative meeting in May. Song said that he had expended tremendous amounts of time and energy on this issue. Only yesterday, he had spent a lot of time with various ministers; this meeting would resume on Sunday. He agreed with the Ambassador that the environmentalists would never be fully satisfied. However, he had to have some flexibility to win this battle because the environmentalists were complaining that accepting the LaPorte plan in its present form would represent an enormous loss in face. It was also not helpful that USFK's discussion on a possible "unilateral" action was widely reported, Song complained. Song asked whether it was possible to reformulate, even cosmetically, the current USFK offer. The Ambassador said that USFK was proceeding with the clean-up steps in the LaPorte plan at five bases; he did not believe that any significant change to the LaPorte plan would be possible.

--Pyongtaek. The Ambassador said that he understood that the ROK military planned to take the lead in removing the protestors in Pyongtaek who were blocking acquisition of the remaining land for USFK's future headquarters. We were worried about falling behind schedule. Song said that the ROKG was determined to remove the protestors in Pyongtaek so that USFK construction could get underway.

VERSHBOW